



**Integrated Microelectronics, Inc.**

North Science Avenue  
Special Export Processing Zone, Laguna Technopark  
Biñan Laguna 4024 Philippines

Tel (63 49) 541-1015 to 20

Fax (63 49) 541 0013

www.global-imi.com

October 5, 2012

**PHILIPPINE STOCK EXCHANGE, INC.**

Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

Attention: Ms. JANET A. ENCARNACION  
Head, Disclosure Department

Dear Ms. Encarnacion:

In compliance with the requirement of the Securities and Exchange Commission under Memorandum Circular No. 4, *Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed in the Exchange*, Series of 2012, please find attached copy of the Audit Committee assessment report duly signed by the Compliance Officer.

The Company undertakes the absence of the signature of the Chairman of the Audit Committee and such will be secured within 10 days from the date of this letter. We confirm that the attached report has been reviewed and approved by the Chairman who is currently out of the country.

We hope that you will find the attached documents in full compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "JAIME G. SANCHEZ", is written over a light blue horizontal line.

**JAIME G. SANCHEZ**  
Vice President, Deputy CFO and Group Controller  
Acting Compliance Officer

# COVER SHEET

					9	4	4	1	9
--	--	--	--	--	---	---	---	---	---

I	N	T	E	G	R	A	T	E	D	M	I	C	R	O	-	E	L	E	C	T	R	O	N	I	C	S	,	
I	N	C	.																									

(Company's Full Name)

N	O	R	T	H	S	C	I	E	N	C	E	A	V	E	.	,	L	A	G	U	N	A
T	E	C	H	N	O	P	A	R	K	,	B	I	N	A	N	,	L	A	G	U	N	A

(Business Address: No. Street City / Town / Province)

<b>ATTY. SHEILA MARIE U. TAN</b>
----------------------------------

Contact Person

<b>908-3468</b>
-----------------

Company Telephone Number

1	2		3	1
Month			Day	

Fiscal Year

**17-C**

FORM TYPE

0	4		1	5
Month			Day	

Annual Meeting

--

Secondary License Type, if Applicable

C	F	D
---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--	--	--	--	--	--

Total No. Of Stockholders

Total Amount of Borrowings

--	--	--	--	--	--	--	--	--	--

Domestic

--	--	--	--	--	--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

File Number

\_\_\_\_\_ LCU

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Document I.D.

\_\_\_\_\_ Cashier

STAMPS
--------

Remarks = pls. Use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION**

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATIONS CODE (SRC)  
AND SRC RULE 17(a)-1(b)(3) THEREUNDER**

1. October 05, 2012  
Date of Report (Date of earliest event reported)
  
2. 94419  
SEC Identification Number
3. 000-409-747-000  
BIR Tax Identification Number
  
4. INTEGRATED MICRO-ELECTRONICS, INC.  
Exact Name of registrant as specified in its charter
  
5. PHILIPPINES  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code
  
7. North Science Ave., Laguna Technopark, Biñan, Laguna  
Address of principal office
- 4034  
Postal code
  
8. (049) 541-1015 to 20  
Registrant's telephone number, including area code
  
9. \_\_\_\_\_  
Former name or former address, if changed since last report
  
10. Securities registered pursuant to Sections 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON &amp; PREFERRED SHARES</u>	


Indicate the item numbers reported herein : Please refer to attached letter

**Re: Assessment of the Performance of Audit Committees**

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**INTEGRATED MICRO-ELECTRONICS,  
INC.**  
-----  
Registrant

Date : October 05, 2012

  
**JAIME G. SANCHEZ**  
Vice President, Deputy CFO and Group  
Controller  
Acting Compliance Officer  
Signature and Title\*

\* Print name and title of the signing officer under the signature.





**Integrated Microelectronics, Inc.**  
North Science Avenue  
Special Export Processing Zone, Laguna Technopark  
Biñan Laguna 4024 Philippines

Tel (63 49) 541-1015 to 20  
Fax (63 49) 541 0013  
[www.global-imi.com](http://www.global-imi.com)

October 5, 2012

**SECURITIES AND EXCHANGE COMMISSION**  
SEC Building, EDSA, Mandaluyong City

Attention: Ms. TERESITA J. HERBOSA  
Chairperson

Dear Ms. Herbosa:

In compliance with the reporting requirements under SEC Memorandum Circular No. 4, *Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed in the Exchange*, Series of 2012, please see attached copy of the Company's accomplished assessment report duly signed by the Compliance Officer.

The Company undertakes the absence of the signature of the Chairman of the Audit Committee and such will be secured within 10 days from the date of this letter. We confirm that the attached report has been reviewed and approved by the Chairman who is currently out of the country.

We hope that you will find the attached documents in full compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read 'JAIME G. SANCHEZ', written over a horizontal line.

**JAIME G. SANCHEZ**  
Vice President, Deputy CFO and Group Controller  
Acting Compliance Officer

**ASSESSMENT OF PERFORMANCE: AUDIT COMMITTEE (AC)**

INTEGRATED MICRO-ELECTRONICS, INC.

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed
Setting of Committee Structure and Operation	1. Committee size	Yes (E1)	Yes. Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors.	
	2. Independence requirement	Yes (E2)	Yes. Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors.	
	3. Qualifications, skills and attributes of members and Chair	Yes (E3)	Yes. Reference: 2011 Annual Report – Board of Directors.	
	4. Financial knowledge of members	Yes (E3)	Yes Reference: 2011 Annual Report – Board of Directors	Educational background of members will be included in the Annual Report and or Company website.
	5. Succession plan for members and Chair	No	No	Consider updating the AC Charter to include "Review, in coordination with the Nomination Committee, the status of succession to the AC members to ensure continuous access to suitable candidates.
	6. Meetings (frequency, etc.)	Yes (F2)	Yes Reference: 2011 Annual Report - Report	

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

			of the Audit Committee to the Board of Directors.	
	7. Reporting to the Board and issuance of certifications on critical compliance issues	Yes (G)	Yes Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors.	
	8. Evaluations	Yes (H1)	No	The AC will conduct a self-assessment of its 2012 performance against the revised Audit Committee Charter.
	9. Resources including access to outside advisors	Yes (B)	Yes Reference: None (No incident requiring Audit Committee to retain outside counsel or experts)	
	10. Training and education	Yes (H)	Yes Reference: Training records, Audit Committee minutes of meetings.	Establish written training plan or program for Audit Committee members.
Oversight on Financial Reporting and Disclosures	1. Extent of understanding of the company's business and industry in which it operates	Yes (E3)	Yes Reference: Finance employee profile, tenure or exposure in the industry. Assessment (without documentation) is	

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

			also made during discussions of significant issues with management and executive sessions with Independent Auditors and internal auditors.	
	2. Compliance with financial reporting regulations	Yes (D1.1.2)	Yes Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meetings.	
	3. Recognition of management's responsibility over the financial statements	Yes (D1.1.1)	Yes Reference: 2011 Annual Report - Statement of Management's Responsibility	
	4. Appropriateness of accounting policies adopted by management	Yes (D1.1.2)	Yes Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meetings.	
	5. Reasonableness of estimates, assumptions, and judgments used in the preparation of financial statements	Yes (D1.1.2)	Yes Reference: Audit Committee minutes of meetings.	



Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

	6. Identification of material errors and fraud, and sufficiency of risk controls	No	No	Update the AC Charter to include "Ensuring that management has designed and implemented the necessary internal controls for the prevention and detection of material errors and fraud in financial reporting."
	7. Actions or measures in case of finding of error or fraud in financial reporting	No	No	Update the AC Charter to include "Ensuring that a system is in place to encourage timely, competent and confidential review, investigation and resolution of suspected financial statement fraud."
	8. Review of unusual or complex transactions including all related party transactions.	No	No	Update the AC Charter to include "Review of unusual and complex transactions including related party transactions."
	9. Determination of impact of new accounting standards and interpretations	Yes (D1.1.1, D1.1.2, D1.1.4)	Yes Reference: Audit Committee minutes of meetings.	



Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

	10. Assessment of financial annual and interim reports as to completeness, clarity, consistency and accuracy of disclosures of material information including on subsequent events and related party transactions	No	No	AC will establish review of interim financial report disclosures starting on financial reports for the period ending September 30, 2012.  Update the AC Charter to include "Ensuring clarity, consistency and accuracy of disclosures of material information including subsequent events and related party transactions"
	11. Review and approval of management representation letter before submission to external auditor	No	No	AC will review and approve the management representation letter before submission to external auditor (Target Date: 2012 management representation letter)  Update the AC Charter to include "Review and approval of management representation letter before submission to the Independent Auditor."
	12. Communication of the AudCom with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact financial statements	No	No	Update the AC Charter to include "Communicating with legal counsel covering litigation, claims, contingencies or other significant legal issues that impact the financial"

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

				statements.”
	13. Fair and balance review of financial reports	Yes (D1.1.2)	Yes Reference: Annual Report – Consolidated Financial Statements, Management presentation materials to the Audit Committee.	
	14. Assessment of correspondence between the company and regulators regarding financial statement filings and disclosures.	No	No	Management to quarterly provide the Audit Committee with a summary of the correspondences between the Company and regulators regarding financial statement filings and disclosures.  Update the AC Charter to include “Assessment of correspondence between the Company and regulators regarding financial statement filings and disclosures.
Oversight on Risk Management and Internal Controls	1. Obtaining management's assurance on the state of internal controls	No	No	AC will endorse to the Board the best practice of having Management (the CEO and the CFO) sign an undertaking confirming their awareness and respective responsibilities for internal

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

				controls, that they have designed internal controls that are appropriate for the business and that these internal controls are operating effectively.  Update the AC Charter to include "Obtaining Management's statement of assurance on the effectiveness of internal controls".
	2. Review of internal auditor's evaluation of internal controls	Yes (D2.2.5)	Yes  Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meetings.	
	3. Evaluation of internal control issues raised by Independent Auditors	Yes (D3.3.4)	Yes  Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meetings.	
	4. Assessment of control environment including IT systems and functions.	No	No	Update the AC Charter to include "Assessment of the control environment including IT systems and functions".



Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

				AC will engage a third-party consultant or the internal auditor for a formal assessment of the Company's control environment, including IT systems and functions (Target: 2013).
	5. Setting a framework for fraud prevention and detection including whistle-blower program	No	No	The AC Charter will be updated to include "Evaluating the framework for the prevention and detection of fraud and significant errors in financial reporting. It may include a whistleblowing policy for escalating suspicious transactions or behaviour to the Board and Management."  Follow-up of Management's implementation of the Company's whistle-blower policy
	6. Deliberation on findings of weakness in controls and reporting process	Yes (D2.2.5, D3.3.4)	Yes  Reference: Audit Committee minutes of meetings.	
	7. Understanding and assessment of identified risks	No	No  (The oversight over risk management is delegated to the Finance Committee. An Audit Committee member is also a	Update the AC Charter to include "Coordination with the Finance Committee in the monitoring of Management's efforts in managing financial reporting-related risks and

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

			Finance Committee member.)	business continuity risk".  AC will request the Corporate Secretary to circulate a copy of the Finance Committee minutes of meeting to the AC.
	8. Evaluation of sufficiency and effectiveness of risk management processes and policies	No	No	AC/Finance Committee will review results of 2012 risk assessments and corresponding risk management actions.
	9. Preparation and implementation of a Business Continuity Plan	No	No	AC Charter will be updated to include "Coordinate with the Finance Committee in the monitoring of Management's efforts in managing financial reporting-related risks, and business continuity risk."  AC will request for Management report on the steps that have been taken to manage business continuity risk.
	10. Promotion of risk awareness in the organization	No	No	Update the AC Charter to include "Ensuring that the internal audit function is adequately resourced and skilled in line with the Company's nature, size, and complexity. Ensuring also that adequate budget is

Responsibilities under the code:	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

				allocated to the internal audit function, assuring its proper functioning.
Oversight on Management and Internal Audit	1. Evaluation of compliance with the Code of Conduct for management	No	No	AC will consider engaging a third-party consultant or the internal auditor to evaluate compliance with the Code of Conduct (Target Date 2013).
	2. Communication with management and internal auditor	Yes (F4, D2.2.5, D2.2.7)	Yes  Reference: Audit Committee minutes of meetings.	
	3. Assessment of adequacy of resources and independence of Internal Auditor	No	No	Update the AC Charter to include "Ensuring that the internal audit function is adequately resourced and skilled in line with the Company's nature, size, and complexity. Ensuring also that adequate budget is allocated to the internal audit function, assuring its proper functioning."
	4. Qualifications of an Internal Auditor	No	No	Update the AC Charter to include that the Internal Audit Head is "preferably a Certified Public Accountant and/or a Certified Internal Auditor."



Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

	5. In-house or outsource internal audit function	No	No	The Audit Committee charter will be updated to include "For the avoidance of doubt, the IA function can either be in-house or outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an IA staff."
	6. Compliance with International Standards on the Professional Practice of Internal Auditing	No	No (As required, Internal Audit has disclosed to the Audit Committee that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.)	Update the AC Charter to include "Review of the Internal Audit Group's compliance with the IIA's International Standards for the Professional Practice of Internal Auditing.  Target date for the external assessment of the internal audit activity is fourth quarter of 2013.
	7. Review and approval of internal audit annual plan	Yes (D2.2.4)	Yes  Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors.	

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

	8. Extent and scope of internal audit work	Yes (D2.2.4)	Yes Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors.	
	9. Reporting process	Yes (D2.2.6)	Yes Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meetings.	
Oversight on External Audit	1. Assessment of independence and professional qualifications and competence of external auditor	No	No	The AC Charter will be updated to include "Assessment of the independence and professional qualifications of external auditor."
	2. Engagement and rotation process of external auditor or firm	No	No	Update the AC Charter to include "Ensuring the rotation of the lead audit partner every five years and other audit partners every seven years, and considering whether there should be regular rotation of the audit firm itself."

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

	3. Review and approval of scope of work and fees of external auditor	Yes (D3.3.2)	Yes  Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meeting.	
	4. Assessment of non-audit services	Yes (D3.3.6)	Yes  Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meeting.	
	5. Understanding disagreements between the auditor and management	No	No	Update the Audit Committee Charter to include "Ensuring that any disagreement between the auditor and Management regarding financial reporting is resolved."
	6. Actions on the findings of external auditor	Yes (D3.3.4)	Yes  Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Audit Committee minutes of meetings.	



Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

	7. Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions.	Yes (D3.3.5)	Yes Reference: Discussions during executive session with the Independent Auditors.	
	8. Evaluation of performance of external audit-reappointment and resignation	Yes (D3.3.1)	Yes Reference: 2011 Annual Report - Report of the Audit Committee to the Board of Directors, Performance assessment of Independent Auditors	
	9. Compliance of external auditor with auditing standards	No	No	Update the Audit Committee charter to include assessment of compliance to auditing standards by the external auditor.
	10. Completeness and timeliness of communication with external auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting.	No	No	Update the Audit Committee charter to include "Review with management and external auditors all matters that are required to be communicated to the Audit Committee under generally accepted auditing standards".

**ASSESSMENT OF PERFORMANCE: AUDIT COMMITTEE (AC)**

INTEGRATED MICRO-ELECTRONICS, INC.

Responsibilities under the code	Specific Areas/Dimensions (Non-exclusive List)	ASSESSMENT		
		Is this part of the AC's Charter? (Yes/No)	Has this been implemented? (If yes, cite reference document)	Follow-up Actions Needed

\_\_\_\_\_



HIROSHI NISHIMURA  
Audit Committee Chairman

Jaime G. Sanchez  
Compliance Officer